

California Department of Insurance
Title Insurance Company Data Call
Issued August 22, 2005 and Revised September 15, 2005

Questions and Answers

Please review the following information to answer your questions about the title insurance company data call. These questions and answers should be used in combination with the September 15, 2005 revision of the reporting instructions for the data call.

The questions and answers are organized by general instructions and individual tables. Click on each question to get to our response to the question.

General Instructions

- [Question 1:](#) Can we get an extension? Will you extend the due date?
- [Question 2:](#) Has the DOI adopted any regulations under Section 12414.21?
- [Question 3:](#) Isn't the adoption of rules or regulations under Section 12414.21 a prerequisite for a data call under that section?
- [Question 4:](#) Prior to the data call did the DOI compile the information provided in the UTC annual audited financial reports submitted to the DOI?
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Table 1

- [Question 7:](#) Tables 1, 2 & 3. Should we fill out these tables for our company's entire consolidated group of underwriters and subsidiaries as per ALTA instructions, or should we complete these tables for each distinct underwriter legal entity? Should we report the underwriter consolidated with any title-related subsidiaries?

Table 3

- [Question 8:](#) What is California Title Insurance Premium Earned on line 1 of Table 3? Where should the net addition to UPR be included, since earned premium includes consideration of the net addition to UPR?
- [Question 9:](#) Should we report escrow and settlement claim settlement expenses in the escrow and settlement claim line?
- [Question 10:](#) Table 3, Line 29 Debt Payments / Interest Expense. Does this refer to interest expense related to debt payments or to both interest expenses and debt payments for the year?

Table 4

- Question 11:** Table 4, what does Endorsements 1, 2, 3, 4, and 5 mean? We have a listing of our endorsements but there is no order (chronological or otherwise) attached to our list.
- Question 12:** For Table 4, we don't track one or more of the following data you request: type of transaction, type of policy, type of policy form, or endorsements in our computer systems. We will have to go to paper files to find this information.

Table 5

- Question 13:** Tables 5 & 6. Should the data reported in these tables be California-only, or for the entity country-wide?
- Question 14:** Table 5, Column 4. Please define "Retained Earned premium."
- Question 15:** Table 5, Columns 7 & 11. What does "Claims Paid For Policy Year" mean, and is that cumulative? If so, starting at what date and through what date (e.g., cumulative from 01/01/80 through 12/31/04)? We note that the NAIC did not require claims paid to be reported on Schedule P until 1994, therefore, data prior to that time may be unreliable.
- Question 16:** Table 5, Columns 6 & 7. Does this include LAE, and is that cumulative too?
- Question 17:** Table 5, Column 9. IBNR at the state level does not exist. So if Table 5 is for California-only, this column would be N/A.

Table 6

- Question 18:** Table 6. Instructions for Table 6 indicate it should contain a listing of all claims paid or reserved. Column 11 then asks for claims denied. Denied claims do not usually have any payments or reserve activity. Is California DOI requesting here that small group of claims that were denied and yet did have payments or reserve activity?
- Question 19:** Table 6. Is this table requesting all activity for 2003 & 2004 regardless of policy year, or is it just 2003 & 2004 policy years?
- Question 20:** For Table 6, we don't track one or more of the following data you request: type of transaction, type of policy, type of policy form, or endorsements in our computer systems. We will have to go to paper files to find this information.

Table 7

- Question 21:** It is very difficult for us to report 2004 personnel expenses on an accrued basis. Can we report the expenses on a paid basis?
- Question 22:** What do you mean by "Escrow Other Than Closing?"
- Question 23:** Table 7 & Supplemental Info. With a lot of centralized processes, does California DOI want org charts for the general organization if a portion of their costs are allocated to the California companies?

- Question 24: The first request for supplemental information with Table 7 asks for an organizational chart for the California business of the title insurance company that identifies the activity categories that the title insurer uses. What activity categories are you referring to?
- Question 25: The second request for supplemental information with Table 7 asks for the total number of full-time equivalent workers – employees, temporary/contract workers and consultants – and the total personnel costs for that activity category for California business in 2004. What activity categories are you referring to?
- Question 26: The third request for supplemental information with Table 7 requests a description of the criteria and calculation of commissions and bonuses for individuals receiving a commission or bonus in California in 2004. Do you want a description for each individual receiving a commission or bonus or a general description of how commissions or bonuses are calculated? If you want a general description, how should we group employees for the general description?
- Question 27: Table 7, Supplemental Information Request 4 asks for a list of the agencies you use for temporary / contract workers and the major type of worker from that agency – administrative support, title, escrow, etc. – for California business. We don't track our contract workers by what they do only by which agency we paid. We would have to perform a manual search to provide the requested information.

California Department of Insurance
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Questions and Answers

Please review the following information to answer your questions about the title insurance company data call. These questions and answers should be used in combination with the September 15, 2005 revision of the reporting instructions for the data call.

The questions and answers are organized by general instructions and individual tables.

General Instructions

Question 1: Can we get an extension? Will you extend the due date?

Response: In response to the discussions at the informational meetings on September 8, 2005 and subsequent communication with various underwritten title companies and title insurance companies, the Department is responding to concerns about both the difficulties in responding to the call in any time frame and the difficulty of responding by October 21, 2005 in a multi-pronged manner.

First, the Department has clarified a number of reporting issues raised by interested parties and these clarifications will simplify some of the reporting.

Second, the Department will allow title insurance companies to respond to certain data requests as their individual electronic data capabilities currently allow. The Department will not require a reporting entity to manually review a large number of paper files to respond to the data call.

Third, the Department has modified the reporting requirements for Tables 4, 5 and 6 to eliminate some of the more difficult reporting items identified by interested parties.

Fourth, the Department repeats its invitation to any title insurance company to propose an alternative reporting format that includes all the requested data but is easier for you to prepare. We cannot guarantee that the Department will accept a proposal for an alternative format, but we will quickly review any such proposal to determine if we can work with the data in the proposed alternative format.

Fifth, the Department has extended the due date for most of the requested information until December 8, 2005.

The specific due dates are now:

DUE October 21, 2005: Supplemental Information for Tables 4, 6 and 7

DUE December 8, 2005: Tables 1 through 7

Please note that, based upon discussion with interested parties, the following tables and supplemental information requests have been modified, added or deleted. Please also note that while the information requested in some tables or supplemental information requests has not changed, the reporting instructions may have changed to provide more explanation or more reporting options. Please review the 9/15/05 revised reporting instructions carefully in combination with these questions and answers:

TI Table 1	No Change
TI Table 2	No Change
TI Table 3	MODIFIED
TI Table 4	No Change
TI Table 4, Supplemental Information 1	No Change
TI Table 4, Supplemental Information 2	NEW
TI Table 5	MODIFIED
TI Table 6	No Change
TI Table 6, Supplemental Information 1	No Change
TI Table 6, Supplemental Information 2	NEW
TI Table 6, Supplemental Information 3	NEW
TI Table 7	No Change
TI Table 7, Supplemental Information 1	No Change
TI Table 7, Supplemental Information 2	No Change
TI Table 7, Supplemental Information 3	MODIFIED
TI Table 7, Supplemental Information 4	MODIFIED
TI Table 7, Supplemental Information 5	NEW

Sixth, if you feel that you cannot respond to the request for information by the due dates, the Department asks you to contact the Rate Specialist Bureau (rsb@insurance.ca.gov) to explain your particular problems and we will try to work with you to address those problems.

Question 2: Has the DOI adopted any regulations under Section 12414.21?

Response: Yes. The Commissioner has adopted regulations under section 12414.21. Those regulations can be found at: Title 10, California Code of Regulations (CCR) §2555 - 2556.2.

Question 3: Isn't the adoption of rules or regulations under Section 12414.21 a prerequisite for a data call under that section?

Response: As indicated in the response to Question 2, such regulations have been adopted. Under these regulations, CCR §2556.2 gives the Commissioner the authority to examine the rates, charges, fees, rating plans, rating systems, underwriting rules or policy forms adopted and used by title entities. This includes the loss or expense experience and the data, statistics or information collected or used by such entities in determining or establishing the rates, charges, fees, rating plans, rating systems, underwriting rules or policy forms it uses.

Question 4: Prior to the data call did the DOI compile the information provided in the UTC annual audited financial reports submitted to the DOI?

Response: Yes.

Question 5: Why can't the DOI get the information it needs from the annual reports?

Response: The Department can and has obtained much information from the underwritten title company annual reports, as reflected in the lesser information request to underwritten title companies than to title insurers in the August 22, 2005 data calls. These data calls ask for information not previously reported in the underwritten title company annual reports or information for which the underwritten title company annual reports may not be reliable. If there are specific data items requested in the August 22, 2005 data calls that duplicate the underwritten title company annual report, please let us know and we will consider a request to eliminate any duplication.

Question 6: Will the data submissions be treated as public information?

Response: No. The individual underwritten title company and individual title insurance company data submissions will be treated as non-public information. The Department may publish compilations of the data submissions in a manner that does not reveal information about individual companies.

Table 1

Question 7: Tables 1, 2 & 3. Should we fill out these tables for our company's entire consolidated group of underwriters and subsidiaries as per ALTA instructions, or should we complete these tables for each distinct underwriter legal entity? Should we report the underwriter consolidated with any title-related subsidiaries?

Response: Please submit separate tables 1, 2 and 3 for each title insurance company licensed in California with any direct business in California in 2004. Do not provide a consolidated report of underwriters and subsidiaries. Report only the balance sheet and income statement activities of the title insurance company. Do not consolidate the balance sheet and income statement of activities of affiliated underwritten title companies into the reports of the title insurance company.

Table 3

Question 8: What is California Title Insurance Premium Earned on line 1 of Table 3? Where should the net addition to UPR be included, since earned premium includes consideration of the net addition to UPR?

Response: Line 1 of Table 3 has been changed to "Gross Title Premiums" and should include all gross title insurance premiums written on direct business in California. This change clarifies the term and addresses the problem raised with UPR reporting. Net addition to UPR remains as line 15 of Table 3.

Question 9: Should we report escrow and settlement claim settlement expenses in the escrow and settlement claim line?

Response: The Department has added another line to Table 3 for reporting of escrow and settlement claim settlement expense separate from escrow and settlement claims. Stated differently, this new line is for escrow and settlement loss adjustment expense.

Question 10: Table 3, Line 29 Debt Payments / Interest Expense. Does this refer to interest expense related to debt payments or to both interest expenses and debt payments for the year?

Response: Line 29 refers only to the interest expenses and has been renamed accordingly.

Table 4

Question 11: Table 4, what does Endorsements 1, 2, 3, 4, and 5 mean? We have a listing of our endorsements but there is no order (chronological or otherwise) attached to our list.

Response: Endorsements 1, 2, 3, 4, and 5 do not refer to any order of endorsements or specific endorsements. Rather, the table provides for up to five endorsements to be included for each policy record. If there are no endorsements with a particular policy, all of the endorsement columns will be blank. If there is one endorsement with a particular policy, there will be entries in the column for endorsement 1 code and endorsement 1 premium only. If there are two endorsements with a particular policy, there will be entries in the endorsement 1 code, endorsement 1 premium, endorsement 2 code and endorsement 2 premium columns only.

Question 12: For Table 4, we don't track one or more of the following data you request: type of transaction, type of policy, type of policy form, or endorsements in our computer systems. We will have to go to paper files to find this information.

Response: If you do not have a particular data element available in your policy databases, leave that column blank (empty) for that policy. Please provide as much of the requested information as you have available in your policy databases. If you have summary reports of some of the data elements which you are unable to provide in Table 4, please provide those summary reports to the Department by October 21, 2005.

Table 5

Question 13: Tables 5 & 6. Should the data reported in these tables be California-only, or for the entity country-wide?

Response: Tables 5 and 6 are for claims experience for California-only, further defined as claims on policies covering properties in California.

Based upon feedback from interested parties at the September 8, 2005 informational meeting, the Department is modifying Table 5 as follows:

Column 3, "Gross Earned Premium," has been changed to "Gross Written Title Premiums." The amounts reported in this column should be the total direct gross written premium in California for the year identified in column 2.

Column 4, "Retained Earned Premium," has been changed to "Gross Earned Title Premiums." The amounts reported in this column should be the total direct gross earned premium in California for the year identified in column 2.

Column 6, "Claims Paid DURING Year" is a measure of calendar year claim payments. Please report all claim payments made during the year identified in Column 2. These calendar year payments will be for policies issued in any year, but will include only payments made in the calendar year identified in Column 2. Report claims paid net of recoveries.

Column 6A "Loss Adjustment Expenses Paid DURING Year" has been added in response to comments by interested parties that loss adjustment expenses are a significant portion of overall claim expenses. Please note that Columns 6 and 6A ask for claims and claim adjustment expenses, respectively, that were paid DURING the year identified in column 2 for policies issued in any year. This is a measure of calendar year claims and claim adjustment expenses. Report loss adjustment expenses paid net of recoveries.

Column 7, "Claims Paid FOR Policy Year" is a measure of policy year claims. Please report the total claims paid, as of 12/31/2004, for policies issued in the year identified in Column 2. Report claims paid net of recoveries.

Column 7A "Loss Adjustment Expenses Paid FOR Policy Year" has been added in response to comments by interested parties that loss adjustment expenses are a significant portion of overall claim expenses. Please note that Columns 7 and 7A ask for claims and claim adjustment expenses, respectively, that were paid FOR policies issued in the year identified in column 2. Column 7 is a measure of policy year claims and Column 7A is a report of policy year claim adjustment expenses. Please report the amounts in Columns 7 and 7A evaluated as of 12/31/2004. Report loss adjustment expense paid net of recoveries.

Column 8, "Case Claim Reserves" remains unchanged. However, reserves for all years should be reported as of 12/31/2004.

Column 9, "Incurred But Not Reported Reserves" has been eliminated based upon the statements of meeting participants that IBNR is only established at a national level and not at a state level. Consequently, any request for California-specific IBNR would require a new allocation by each title insurance company.

Column 10 becomes Column 9, "Number of Claims Paid DURING Year" and otherwise remains unchanged. The number reported in this column should be the number of claims paid during the year identified in column 2 – calendar year claims.

Column 11 becomes Column 10, "Number of Claims Paid FOR Policy Year" and otherwise remains unchanged. The number reported in this column should be the number of claims as of 12/31/2004 for policies issued during the year identified in column 2 – policy year claims.

Column 12 becomes Column 11, "Number of Claims Reserved" and otherwise remains unchanged. However, the number reported in this column should be the number of claims for which a reserve was established as of 12/31/2004 for policies issued during the year identified in column 2.

Question 14: Table 5, Column 4. Please define "Retained Earned premium."

Response: Based upon discussions with interested parties at the September 8, 2005 informational meeting, Columns 3 and 4 have been changed to "Gross Written Title Premiums" and "Gross Earned Title Premiums," respectively.

Question 15: Table 5, Columns 7 & 11. What does "Claims Paid For Policy Year" mean, and is that cumulative? If so, starting at what date and through what date (e.g., cumulative from 01/01/80 through 12/31/04)? We note that the NAIC did not require claims paid to be reported on Schedule P until 1994, therefore, data prior to that time may be unreliable.

Response: See response to question 13, above. The Department notes your concern about data reliability and requests each title insurance company to provide as much of the requested information as is reliably available to the title insurance company.

Question 16: Table 5, Columns 6 & 7. Does this include LAE, and is that cumulative too?

Response: See response to Question 13, above. Columns 6 and 6A are calendar year payments and should include only payments made during the year identified in Column 2. Columns 7 and 7A are policy year payments and should include all payments associated with policies ISSUED during the year identified in column 2. Each year should be evaluated as of 12/31/2004

Question 17: Table 5, Column 9. IBNR at the state level does not exist. So if Table 5 is for California-only, this column would be N/A.

Response: Please see the response to question 13 above. This column has been eliminated.

Table 6

Question 18: Table 6. Instructions for Table 6 indicate it should contain a listing of all claims paid or reserved. Column 11 then asks for claims denied. Denied claims do not usually have any payments or reserve activity. Is California DOI requesting here that small group of claims that were denied and yet did have payments or reserve activity?

Response: Table 6 is a list of all claim activity during calendar years 2003 and 2004. Each record should represent the activity associated with a single claim. Multiple claims on the same policy should be reported as multiple records.

For a claim that was denied, please enter a “1” (one) in column 11. If not denied, please leave Column 11 blank or enter a “0” (zero). If a claim was denied and the title insurance company had loss adjustment expenses, please enter a “1” in column 11 and the amount of loss adjustment expense in column 14.

Report each claim as a separate record and fill in the applicable information in each of the columns 1 through 14.

Question 19: Table 6. Is this table requesting all activity for 2003 & 2004 regardless of policy year, or is it just 2003 & 2004 policy years?

Response: Title insurance companies reporting Table 6 may report claims according to one of the following methods of identifying claim activity, at the discretion of the reporting company

1. All claims for which there was claim activity of the type identified in columns 11 through 17 regardless of when the claim occurred; or
2. All claims opened between January 1, 2003 and December 31, 2004.

The Department has added a supplemental information request for Table 6 for each title insurance company to indicate how it will report the data in Table 6.

Question 20: For Table 6, we don't track one or more of the following data you request: type of transaction, type of policy, type of policy form, or endorsements in our computer systems. We will have to go to paper files to find this information.

If you do not have a particular data element available in your claims databases, leave that column blank (empty) for that claim. Please provide as much of the requested information as you have available in your claims databases. If you have summary reports of some of the data elements which you are unable to provide in Table 6, please provide those summary reports to the Department by October 21, 2005.

Table 7

Question 21: It is very difficult for us to report 2004 personnel expenses on an accrued basis. Can we report the expenses on a paid basis?

Response: Yes. The Department has modified the instructions to allow reporting on either a paid or accrued basis. The Department has added Supplemental Information Request 5 to Table 7 to indicate the basis of Table 7 reporting.

Question 22: What do you mean by “Escrow Other Than Closing?”

Response: For some larger title insurance companies, escrow activities may be broken out into closing and other escrow activities. If that is the case, please use the “Escrow Other Than Closing” category for the other escrow activities. If you consider all your escrow activity to be closing-related, leave the “Escrow Other Than Closing” category blank.

Question 23: Table 7 & Supplemental Info. With a lot of centralized processes, does California DOI want org charts for the general organization if a portion of their costs are allocated to the California companies?

Response: Please note that Table 7 requests information on personnel expenses only. Costs of services provided by an affiliated company should not be included unless those costs include personnel expense. Consequently, please supplement the organizational chart for the title insurance company with information on related organizations only if the title insurance company had personnel expenses associated with those related organizations.

Question 24: The first request for supplemental information with Table 7 asks for an organizational chart for the California business of the title insurance company that identifies the activity categories that the title insurer uses. What activity categories are you referring to?

Response: For this supplemental information request, activity categories are the boxes on your organizational chart. The Department seeks an organizational chart of your title insurance company. “Activity categories” simply refers to how you organize your title insurance company and does not mean the activity categories used for Table 7 itself.

Question 25: The second request for supplemental information with Table 7 asks for the total number of full-time equivalent workers – employees, temporary/contract workers and consultants – and the total personnel costs for that activity category for California business in 2004. What activity categories are you referring to?

Response: As with the response to question 24, the reference to “activity categories” in the supplemental request for information is to those activity categories identified in your organizational chart and not to the activity categories used for Table 7.

Question 26: The third request for supplemental information with Table 7 requests a description of the criteria and calculation of commissions and bonuses for individuals receiving a commission or bonus in California in 2004. Do you want a description for each individual receiving a commission or bonus or a general description of how commissions or bonuses are calculated? If you want a general description, how should we group employees for the general description?

Response: Based upon the discussion in the informational meetings on September 8, 2005 and on follow-up communications with interested parties, the Department has revised the Supplemental Information Request 3 for ease of reporting and clarity. The revised supplemental request is:

For each of the highest paid workers in your title insurance company, please provide:

- Position Title
- Salary for 2004
- Commission for 2004
- Bonus for 2004
- Benefits for 2004
- Consulting Contract for 2004
- Value of Stock Options for 2004
- Dividends Paid for 2004 if Owner
- Complete description of the criteria and calculation of commission and bonus

The number of employees reported depends on the amount of 2004 gross title premiums for your title insurance company:

Less than \$3 million, report the 2 highest paid workers
\$3 million to \$10 million, report the 3 highest paid workers
\$10 million to \$30 million, report the 5 highest paid workers
\$30million to \$50 million, report the 7 highest paid workers
\$50 million to \$100 million, report the 10 highest paid workers
\$100 million to \$300 million, report the 15 highest paid workers
More than \$300 million, report the 20 highest paid workers

Question 27: Table 7, Supplemental Information Request 4 asks for a list of the agencies you use for temporary / contract workers and the major type of worker from that agency – administrative support, title, escrow, etc. – for California business. We don't track our contract workers by what they do only by which agency we paid. We would have to perform a manual search to provide the requested information.

Response: Based upon the discussion in the informational meetings on September 8, 2005 and on follow-up communications with interested parties, the Department has revised Supplemental Information Request 4 for Table 7 to eliminate any information on type of workers. Revised Supplemental Information Request 4 is:

Please provide a list of the names of agencies you use for temporary / contract workers and the amount paid to each of those agencies for such workers in 2004.